

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Haviland Bancshares, Inc., UST #629

Point of Contact:	Stan Robertson, Vice-Pres.	RSSD: (For Bank Holding Companies)	1063945
UST Sequence Number:	629	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	425,000	FDIC Certificate Number: (For Depository Institutions)	17403
CPP/CDCI Funds Repaid to Date:	425,000	Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	March 13, 2009	City:	Haviland
Date Repaid ¹ :	12/29/2010	State:	Kansas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

100% of the CPP Capital was paid down from the Holding Co. to Haviland State Bank, the operating entity. HSB total loans grew from 17.5 Million on 3-31-09 to \$20.4 Million on 12-31-10.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Primarily, loans to finance agricultural production and other loans to farmers, such as farm real estate. Some growth also noted in the commercial construction sector.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

03-31-09 security inventory \$6.8 Million compared to 12-31-10 security inventory of \$8.4 Million, all being in the form of Kansas Municipals.

☐ **Make other investments.**

☒ **Increase reserves for non-performing assets.**

Loan loss provisions for calendar year 2010 were \$39,000.00. Provisions during the five preceding calendar years were \$0.00.

☐ **Reduce borrowings.**

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The CPP infusion allowed Haviland State Bank (the operating entity) to reduce its' need to sell overline participations, by virtue of increased legal lending limit.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

None

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

None